Please suggest any evidence about poverty you think the Commission should consider.

Independent Age is a national charity. We offer free and impartial information and advice for people in later life, their families and carers, a strong campaigning voice, and connection services. Drawing on our insight we provide expert evidence to help deliver positive change to policy and practice.

Poverty in later life, 2022
In January 2022, Independent Age published 'Poverty in later life'. This research - produced in partnership with City, University of London - analysed data from the Understanding Society survey and tracked the financial health of people past State Pension age between 2010 and 2019.

The research defined poverty using the Households Below Average Income (HBAI) relative income after housing costs definition. This sets the 'poverty line' at 60% of median UK household income in the present day.

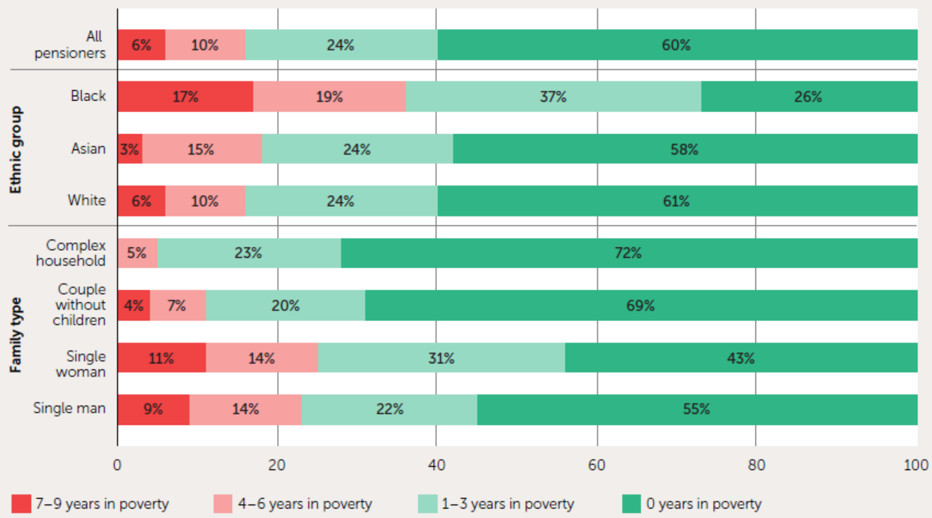
- The most shocking finding was that 2 in 5 (40%) pensioners spent at least one year in poverty during the 9-year period we analysed.
- Though older people's income fluctuates less than younger groups there is still considerable movement in and out of poverty, with a large proportion of people in later life living precariously, just one step away from falling into poverty.
- Changes in social benefit income is the biggest single cause for older people entering and exiting poverty.
- Older people who spent at least one year in poverty over the 9-year period were twice as likely to have a damp home, three times as likely to have a cold home, twice as likely not to have a filling meal.
- There has been a slow but steady rise in income poverty among older people. Analysis by Independent Age on HBAI statistics showed that pensioner poverty is at its highest rate since 2008 and has been steadily increasing since 2012. Almost a fifth of pensioners (18%) are now living in poverty after paying their housing costs.

Who is more at risk of poverty in later life?

- We know from HBAI statistics that certain groups are more at risk of being in poverty in later life including 38% of older private renters, 30% of Black older people and 27% of older people living alone.
- When looking at a two-year period, our research confirms that many of these same groups also have a greater risk of entering poverty past State Pension age, for example single women, older renters and Asian older people.
- This implies that the inequalities that play out in working age, with people entering retirement already in poverty, also continue into later life as the same groups enter poverty after State Pension age.
- With Asian older people, we can see a very 'elastic' environment, with relatively high proportions of older people moving in and out of poverty compared with the average. It is possible that this is related to older Asian people being much more likely to live in multigenerational households and we are investigating this further.
- We also know that bereavement will have a significant financial impact and be one reason why someone goes from a couple not in poverty, to a single person living alone who is in poverty.
- When looking at the data over the nine-year period, around one in 20 pensioners was longer-term poor, which means they experienced poverty for seven to nine years. Certain groups of pensioners are more likely to experience longer-term poverty, in particular single older people, Black older people and older renters.

Figure 3 highlights some of the sociodemographic groups who are more likely to spend time in long term poverty:

Figure 3: Number of years in poverty (from 2010–11 to 2018–19) by sociodemographic characteristic



Some sociodemographic groups are more likely to spend more years in poverty, particularly black older people, single women and single men.

Base: Individuals of pension age.

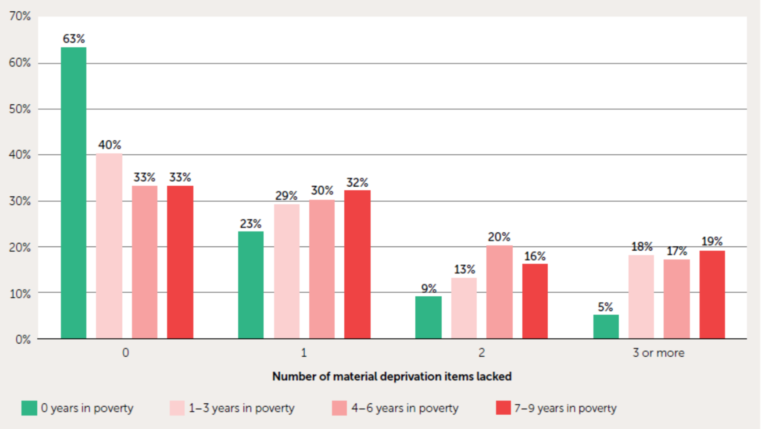
Source: Understanding Society survey, 2010–11 to 2018–19.

Note: Poverty measured as below 60% median equivalised total net household income after housing costs.

Material deprivation

- When older people experience poverty for longer periods it increases their chances of experiencing material deprivation. Two thirds (67%) of the older people who had spent four to six or even seven to nine years in poverty over the nine years analysed were lacking at least one of the key material deprivation items. Figure 4 below from our research shows how longer periods in poverty generally increase the material deprivation people experience.
- Older people who spent at least one year in poverty in the nine-year period analysed were twice as likely to have damp home as those not in poverty. They were also three times as likely to have a cold home, twice as likely not to have a filling meal every day, four times as likely not to have services in working order and twice as likely not to see friends or family regularly.

Figure 4: Number of material deprivation items lacked (in 2018–19) according to longer-term poverty status (from 2010–11 to 2018–19)



Base: Individuals of pension age.
Source: Understanding Society survey, 2010–11 to 2018–19.
[i] Note: Poverty measured as below 60% median equivalised total net household income after housing costs.

Changes in social benefit income

Our research has shown that one of the main factors that leads to people entering poverty during later life is the loss of social benefits.

- While ensuring older people receive social benefits such as Pension Credit and Housing Benefit can reduce poverty, 61% of pensioners who enter poverty passed state pension age have experienced a reduction in social benefits.
- The average decrease in social benefits from one year to the next for an older couple who enters poverty passed state pension age is £542 a month.
- Furthermore, 27% of pensioners who enter poverty passed State Pension age experienced a decrease in their private pension income. The average decrease in pension income for a couple who enters poverty is £153 a month.
- When there is an increase in social benefits income people have 20 times more chance of exiting poverty compared to seeing no change in income.

The cost of pensioner poverty and non-take-up of Pension Credit

In 2020, Independent Age commissioned research from Professor Donald Hirsch and Dr Juliet Stone at the Centre for Research in Social Policy at Loughborough University and published *The cost of pensioner poverty and non-take-up of Pension Credit*. The research looked at the current uptake of Pension Credit and how increasing the rate of uptake would have a significant impact on the rate of poverty among older people and reduce associated spending on health and social care over the longer term.

- Over the last 10 years, according to the latest DWP figures for 2019/20, the uptake of Pension Credit was 66% of eligible people receiving the benefit with up to 850,000 people missing out on vital support.
- Pension Credit is split into two elements. The most commonly received is the Guarantee Credit element. When looking at this element of Pension Credit the current uptake rate is 73%. However, the data does suggest a significant portion of the 2019/20 increase in uptake could be down to the removal of mixed age couples from the 'pool' of eligible Pension Credit recipients in 2019.[ii] This would imply the percentage increase is because less people are now eligible, rather than more people are getting it.
- The latest DWP figures from 2019/20 show that up to £1.7 billion was not received by people who were eligible for Pension Credit and over the last 10 years roughly £28 billion pounds worth of Pension Credit has failed to reach those entitled to it.
- The people who don't receive Pension Credit are often making tough choices to save money. We hear from people who skip meals, turn off their fridges overnight

and only boil the kettle once a day. These decisions often have an impact on their health. The research estimated that the low uptake of Pension Credit costs the Government £4 billion each year in associated NHS and social care costs.[iii]
- At the time our research with Loughborough University was conducted (2020) the data found that 400,000 older people would be lifted out of poverty if everyone eligible for Pension Credit received it. At the time of the analysis, this would have reduced pensioner poverty to its lowest ever level. The inflation seen so far in 2022 may alter these figures but receiving Pension Credit would still make a big difference to many.

Please suggest any work you are aware of that considers the viewpoints of people with lived experience of poverty

In 2022, Independent Age published *Experiences of poverty in later life*, highlighting the experiences of people facing financial hardship in later life.

The project is based on a series of interviews Independent Age conducted between November 2021 and January 2022. Around 20 in-depth interviews were conducted with older people who were experiencing financial hardship. We spoke to people from a range of backgrounds and perspectives, including people of different ages, genders, ethnicities, family situations, and housing tenures.

From these interviews, we created a series of briefings covering the following topics: ageing without children; bereavement; cost of living; cutting back; financial support; housing; mental health; and women.

Key findings:

- Many of the older people we spoke to felt worried that their income from the State Pension was not keeping up with high rates of inflation, and that it was not sufficient to live on.
- With increases in the cost of living, many interviewees were having to cut back on essentials by doing things such as only putting the heating on in one room, wearing extra clothes and blankets in the house to stay warm, reducing the quality and amount of food they bought and ate, staying at home or walking rather than using their car, and in some cases even delaying going to the dentist because they couldn't afford it.
- With the increasing numbers of people having to rent in later life, more older people are experiencing higher costs, greater financial insecurity and are living in poor-quality homes. We found that people were putting off vital repairs to roofs or having to live in precarious housing situations. Many had to move in with family, if they had any, or became live in carers for a relative.

For some women, the caring responsibilities they had taken on earlier in life – either for young children or older relatives – had meant they were absent from the labour market for periods of time or had to work part time, reducing their contributions towards the State Pension. In addition, some who had been married had unexpectedly low State Pensions due to being signed up for a scheme where they paid reduced National Insurance contributions and received a lower State Pension based on a share of their husbands' contributions. Others were affected by the rapid change to the State Pension age for women, which threw their financial plans into disarray and tipped them into poverty.

Through our interviews and conversations we found that:

- Low income was causing some people to experience depression or low mood, with people using words like "despair" and "depressing". Some people told us their

financial situation was causing them to live in a constant state of vigilance about money – checking their bank balance frequently, monitoring their outgoings constantly and always feeling on edge.
- People's adult children had to provide vital support to their parents in later life. This included financial help such as loans or adult children buying items for practical use rather than gifts on birthdays and festive holidays. With an estimated 2 million older people ageing without children by 2030, many will lack this form of support.
- The sudden death of a partner caused a range of unexpected financial hardships that the surviving partner – often a woman – had to deal with. This can range from the loss of vital income from either a pension or social benefits, to household costs not decreasing, such as a mortgage or utility bills.

In Focus: Experiences of being older on a low income
In 2020, Independent Age published *In Focus*, a report which explored the challenges facing sub sections of older people in England. The project set out to explore the reality of life for those older people whose voices can be less often heard in debates about ageing and presented what is important for people in later life in these groups. The specific groups of older people the research focused on were people with mental or physical health conditions; people providing informal care; people who were Black, Asian or from another minority ethnic community (B.A.M.E); people on low incomes; and people ageing without children. Additional aspects were considered, such as sexuality and gender differences.

- Having lower wealth or a lower income is a disadvantage that affects quality of life and health – however, there are significantly different experiences when comparing older people who receive benefits and those who don't.
- The biggest anxiety was the cost of daily living such as transport costs and household costs.
- Older people on low income are more likely to experience a psychiatric disorder, report lack of energy, be on the lowest spending quintile, report that their home is not in a good state of repair, be less socially connected, more likely to live alone, and less likely to have digital access.

It is important to consider that sometimes age is not the most useful segmentation tool, instead health and social connection levels should be considered as older people with low social connections and poor health are more likely to be on low income.

YouGov polling on cost of living (England)
In April 2022, Independent Age commissioned a YouGov online survey with a sample size of 2,096, representative of all adults in England (aged 65+) which allowed us to gain useful insight into how older people are financially coping.
- People aged 65+ in England are financially struggling, with 50% stating they were having to cut back on spending compared to spring 2021. Almost half (46%) said they were having to reduce spending on heating, and almost a third (32%) said they were cutting back on social activities and on buying fuel for their vehicle (32%).
- Almost half of respondents (48%) said they could not afford a £50 per month increase in their cost of living.
- Renters were more likely to be reducing their spending across different categories (except for spending on fuel for their vehicle, which was similar, at 31%).
- If we compare respondents by gender, a higher percentage of women were anxious about their finances compared to men, 47% versus 39%.
- The survey highlighted how older people on lower incomes are struggling more than older people on higher incomes. Six in ten (62%) respondents from households with an income under £20k said they were having to cut back on

spending compared to Spring 2021 compared to 34% of those with a household income of £30k or more.

Please suggest policies that you would like the Commission to explore as part of its work (please feel free to suggest one or more policies within some or all of the domains below). Where relevant please provide links or references to related work?

Pension Credit uptake strategic action plan

Independent Age is calling on the Department for Work and Pensions (DWP) to publish a Pension Credit uptake strategic action plan for the next 5 years, in consultation with key stakeholders.

- The strategic action plan should contain both short- and long-term measurable actions to raise the uptake of Pension Credit and set out clear criteria for success.
- The short-term actions in the strategic action plan should focus on maximising the effectiveness of awareness raising, on both a national and local level, as well as improving the DWP's data sharing capabilities.
- We urge ministers to be bold when looking at longer-term automatic payment options, which must include setting out what the Government considers an acceptable margin of error to allow automatic payments to take place.
- A key criteria for the strategic action plan are ensuring adequate and flexible funding for local authorities, including a nationally co-ordinated, locally run and fully funded scheme to increase Pension Credit uptake. This should include providing ringfenced funding for local authority welfare teams, which the majority of income maximisation campaigns are run through.
- The government should consider enshrining this action plan in legislation as a statutory responsibility of the department, to guarantee government accountability and transparency, as well as ensure it will remain a priority for future governments.

Devolved Governments are leading the UK Government on commitments and strategic plans to tackle low benefit uptake.

- In Northern Ireland, increasing benefit uptake is one of the Department for Communities' key performance indicators. It has a published benefit uptake strategy from 2016-2019, which has now been incorporated into a wider Building Inclusive Communities Strategy 2020-25. The Department also has a long running 'Make the Call' service where people of any age can call a single helpline and have their eligibility assessed for a range of benefits. The Department commissions an annual independent evaluation of the service using a social return on investment model, which shows a strong positive impact both financially and holistically for service users.
- The Welsh Government are poised to introduce a Benefits Charter, which will include a specific commitment to increase Pension Credit uptake, including a recognition that increasing benefit uptake is a responsibility of the Welsh Government.
- The Scottish Government passed the Social Security (Scotland) Act which includes a duty on Scottish Ministers to promote benefit uptake and publish benefit uptake strategies every few years.

A Pension Credit uptake strategic action plan should form part of a wider approach from the UK government to work with local partners on income maximisation. As the cost-of-living crisis has demonstrated, older people living precariously close to the poverty line and on a low income cannot afford to be missing out on the money they are already entitled to.

Measuring poverty in later life

Tackling and measuring poverty in the UK is hard to achieve because there are several ways it can be measured and without one agreed approach it becomes difficult to see what is happening to rates of poverty.

- A range of charities and think tanks such as CPAG, JRF and Resolution Foundation prefer the relative income after housing costs measurement as a primary measure of poverty. However, the DWP has publicly criticised the relative measure, and instead prefers to use absolute income poverty after housing costs.
- Using different measurements means that those using the relative income poverty measure note a rise in pensioner poverty over the last decade, while those using the absolute measure have seen a decrease in pensioner poverty.
- A new approach was developed by the Social Metrics Commission (SMC), which is a more holistic measure taking steps to account for wealth and unavoidable costs beyond just housing. Using one measure, such as that provided by the SMC would be a good step forward for creating a consensus on how we measure poverty and therefore a strategy to tackle it.
- In 2019 the DWP announced its intention to use this SMC measure but has not done so to date. At Independent Age we feel the DWP missed a good opportunity to change how it measures poverty by failing to adopt the SMC measure.
- While having a more holistic measure is an important step forward, we fear that the SMC measure could undercount poverty among older people due to the SMC's decision to draw the poverty line at 54%, rather than 60% (as it is with the relative and absolute poverty measures). We are concerned this could artificially minimise the problem of poverty in the UK.
- As the SMC has stated in the past, the 'unavoidable health costs' measurement in the SMC measure is limited, particularly when unavoidable health costs tend to cost more than the amount in received, relevant benefits. For older people, who are much more likely to have health issues than working-age people, this could result in a significant underestimation of how many are living in poverty.
- We are concerned that the methodology around savings, counting it effectively as weekly liquid income for the purposes of the measure, is unrealistic. It is a sensible approach for low income working age households, who are unlikely to have any significant savings, but does not work effectively for low-income older households. Many older people draw income from their savings after retirement, which they have built up over their working life, but these savings are often intended to last them until their death (and beyond, since many people want to leave money to pay for funeral costs).
- 16% of older people in the poorest decile (disregarding income from health-related benefits) had savings of over £20,000. (Source: Pooled HBAI/FRS 2017/18 – 2019/20) From our qualitative research, we know that older people often draw this money down slowly and carefully over decades, using it to absorb cost shocks and plan for future emergencies. To expect them, within the SMC measure, to draw this down as income over the course of 52 weeks is not reflective of real-world conditions.

Independent Age feels there needs to be consensus built across Government and the third sector on how to measure poverty which can be used in future strategies to tackle poverty. However, we would urge caution around a homogenous approach to all population age groups; it may be that the measure of poverty for older households requires a slightly different, or modified, approach to working age households.